



**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

TENNESSEE SECURITIES DIVISION,)	
)	
Petitioner,)	
)	
v.)	TSD No.: 20-007
)	
SOLIUM FINANCIAL SERVICES LLC,)	
)	
Respondent.)	

CONSENT ORDER

The Securities Division of the Tennessee Department of Commerce and Insurance (“Division”) and Solium Financial Services LLC (“Respondent”) agree to the entry and execution of this Consent Order in accordance with Tennessee Code Annotated (“Tenn. Code Ann.”) § 48-1-116 of the Tennessee Securities Act of 1980 (“Act”), as amended, and Tenn. Code Ann. §§ 48-1-101 to 48-1-201, subject to the approval of the Commissioner of the Department (“Commissioner”).

I. INTRODUCTION

1. **WHEREAS**, Solium Financial Services LLC (“SFS”) is a broker-dealer with a principal place of business at 50 Tice Boulevard, Suite A-18 Woodcliff Lake, New Jersey 07677, and is registered as a broker-dealer with the Division;

2. **WHEREAS** on May 1, 2019, Morgan Stanley acquired Solium Capital Inc., which included its subsidiaries Solium Holdings USA LLC and SFS (collectively with SFS and its affiliates, “Solium”);

3. **WHEREAS** after the acquisition, SFS self-reported to state securities regulators that it had transmitted certain securities orders in certain jurisdictions at a time when SFS was not registered as a broker-dealer in such jurisdictions;

4. **WHEREAS** certain members of the North American Securities Administrators Association, with Alabama serving as the lead state (collectively, the “State Regulators”), conducted a coordinated investigation of SFS to determine whether SFS’s activity was in violation of the relevant jurisdictions’ broker-dealer registration requirements;

5. **WHEREAS** SFS has cooperated during the investigation and has agreed to resolve the investigation with the State Regulators;

6. **WHEREAS** SFS, without admitting or denying the Findings of Fact and Conclusions of Law contained herein, voluntarily consents to the entry of this Consent Order pursuant to the Act with respect to this Consent Order;

7. **WHEREAS** the Division is the lawful agent through which the Commissioner discharges the administration of the Act pursuant to Tenn. Code. Ann. § 48-1-115.

8. **NOW THEREFORE**, the Commissioner finds that this Consent Order is in the public interest, necessary for protection of investors, in accordance with Tenn. Code Ann. §§ 48-1-112 and 116, and hereby enters the following:

II. GENERAL STIPULATIONS

9. It is expressly understood that this Consent Order is subject to the Commissioner’s acceptance and has no force and effect until such acceptance is evidenced by the entry and execution of this Consent Order by the Commissioner. Entry and execution of this Consent Order by the Commissioner shall occur when the Commissioner signs and dates this Consent Order.

10. It is expressly understood that this Consent Order is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

11. This Consent Order is executed by the Commissioner, the Division, and the Respondent to avoid further administrative action with respect to the findings of fact described herein. Should this Consent Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Consent Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

12. The Respondent fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner against the Respondent for acts and/or omissions not specifically addressed in this Consent Order nor for facts and/or omissions that do not arise from the facts or transactions herein.

13. The Respondent waives all further procedural steps and all rights to seek judicial review of, or otherwise challenge the validity of this Consent Order, the stipulations and imposition of discipline contained herein, or the consideration and entry and execution of this Consent Order by the Commissioner.

III. FINDINGS OF FACT

14. SFS, CRD No. 147933, is a subsidiary of Solium Holdings USA LLC. SFS registered as a broker-dealer with the Division on June 12, 2019.

15. Solium provides equity plan administration software to employers. Employee-participants of employer-sponsored equity plans that utilize Solium's software can view and track the options and shares issued to them by their employers.

16. If an employee-participant residing in Tennessee requests an exercise or liquidation through Solium's software, SFS transmits an order in the relevant account at a clearing broker-dealer registered in Tennessee and then routes the proceeds to the employee-participant's account. SFS receives a share of the commissions earned on these transactions.

17. SFS does not provide advice to employee-participants or solicit transactions in any manner.

18. From at least January 2009 to June 11, 2019, SFS transmitted orders for employee-participants residing in Tennessee when SFS was not registered as a broker-dealer with the Division.

19. SFS has provided substantial and timely cooperation to the State Regulators during the referenced investigation.

IV. CONCLUSIONS OF LAW

20. During the period from at least January 2009 to June 11, 2019, SFS acted as broker-dealer in Tennessee as the term is defined by Tenn. Code Ann. § 48-1-102(4).

21. Tenn. Code Ann. § 48-1-109(a) states that it is unlawful for a person to transact business in Tennessee as a broker-dealer or agent unless such person is registered under the Act.

22. By engaging in the conduct set forth above, SFS acted as an unregistered broker-dealer in Tennessee in violation of Tenn. Code Ann. § 48-1-109(a).

23. As a result of the stated violation, SFS is subject to the assessment of a civil penalty pursuant to Tenn. Code Ann. § 48-1-109(e).

24. This Consent Order is in the public interest and necessary for the protection of investors.

V. ORDER

Based on the Findings of Fact, Conclusions of Law, and SFS's consent to the entry of this Consent Order, **IT IS HEREBY ORDERED:**

1. This Consent Order concludes the investigation by the Division and any other action that the Commissioner could commence under applicable Tennessee law, as it relates to the substance of the Findings of Fact and Conclusions of Law herein; provided however, that the Commissioner may pursue claims arising from SFS's failure to comply with the terms of this Consent Order.

2. This Consent Order is entered into solely for the purpose of resolving the investigation and is not intended to be used for any other purpose.

3. SFS shall cease and desist from violating Tenn. Code Ann. § 48-1-109(a).

4. (a) SFS shall pay a civil penalty in the total amount of twelve thousand nine hundred ninety-four dollars and fifty-five cents (\$12,994.55) by check payable to the Tennessee Department of Commerce and Insurance;

(b) Page one (1) of this Consent Order must accompany the payment for reference;

(c) Payment shall be remitted within ten (10) business days of the entry and execution of this Consent Order, as evidenced by the Commissioner's signature, and mailed

to the attention of:

State of Tennessee
Department of Commerce and Insurance
Attn: Virginia Smith
Davy Crockett Tower
500 James Robertson Parkway
Nashville, Tennessee 37243

(d) And this total amount of civil penalties includes registration fees in the amount of six hundred dollars (\$600) for the period from 2014 through 2018.

5. This Consent Order is not intended to form the basis for any disqualification from registration as a broker-dealer, investment adviser, or issuer under the laws, rules, and regulations of Tennessee and waives any disqualification from relying upon the securities registration exemptions or safe harbor provisions to which SFS or any of its affiliates may be subject under the laws, rules and regulations of Tennessee.

6. Nothing in this Consent Order is intended to form the basis for any disqualification under the laws of Tennessee, any other state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands; under the rules or regulations of any securities or commodities regulator or self-regulatory organizations (SROs); or under the federal securities laws, including but not limited to, Section 3(a)(39) of the Securities Exchange Act of 1934, Regulation A, Rules 504 and 506 of Regulation D under the Securities Act of 1933, and Rule 503 of Regulation CF. Further, nothing in this Consent Order is intended to form the basis for disqualification under the FINRA rules prohibiting continuance in membership or disqualification under other SRO rules prohibiting continuance in membership. This Consent Order is not intended to be a Final Order based upon any violation of any Tennessee statute, rule, or regulation that prohibits fraudulent,

manipulative, or deceptive conduct.

7. Except in an action by the Division to enforce the obligations in this Consent Order, this Consent Order is not intended to be deemed or used as (a) an admission of, or evidence of, the validity of any alleged wrongdoing or liability; or (b) an admission of, or evidence of, any such alleged fault or omission of SFS in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or other tribunal.

8. This Consent Order is not intended to state or imply willful, reckless, or fraudulent conduct by SFS, or its affiliates, directors, officers, employees, associated persons, or agents.

9. SFS, through execution of this Consent Order, voluntarily waives the right to a hearing and to judicial review of this Consent Order.

10. SFS enters into this Consent Order voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commissioner or any member, officer, employee, agent, or representative of the Division to induce it to enter into this Consent Order.

11. This Consent Order is in the public interest and necessary for the protection of investors. By the signatures affixed below, or in two (2) or more counterparts, the Respondent affirmatively states the following: the Respondent freely agrees to the entry and execution of this Consent Order; the Respondent waives the right to a hearing on, or a review of, the matters, the Findings of Fact, and the Conclusions of Law underlying this Consent Order or the enforcement of this Consent Order; and the Respondent encountered

no threats or promises of any kind by the Commissioner, the Division, or any agent or representative thereof.

12. This Consent Order may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. The facsimile, email or other electronically delivered signatures of the parties shall be deemed to constitute original signatures, and facsimile or electronic copies shall be deemed to constitute duplicate originals.

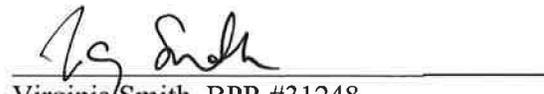
ENTERED AND EXECUTED this 16 day of March, 2020.


Hodgen Mainda, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY AND EXECUTION:


Michael Hennessy, Managing Director
On behalf of
Solium Financial Services LLC


Elizabeth Bowling
Assistant Commissioner for Securities
Department of Commerce and Insurance


Virginia Smith, BPR #31248
Associate General Counsel for Securities
Department of Commerce and Insurance